

Message Text

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ACTION PM-05

INFO OCT-01 ARA-10 ISO-00 INR-10 SS-15 SP-02 L-03
MCE-00 ACDA-12 AID-05 OMB-01 TRSE-00 H-01 EB-08
/073 W

-----052731 252251Z /17

P 252141Z APR 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC PRIORITY 2068
INFO SECDEF WASHDC/DSAA WASHDC
AFAFC LAWRY AFB CO
USINCSO

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EO 11652 NA
TAGS: MASS VE US
SUBJ: VENEZUELA DECLINES TO PAY INTEREST ON DELINGQUENT
FMS DEBT

REFS: (A) COMUSMILGPVEN 101725Z MAR 78 (B) AFAFC LAWRY
CO 161654Z MAR 78
(C) COMUSMILGPVEN 211845Z MAR 78 (D) AFAFC LOWRY CO 102237Z
MAR 78(ALL NOTAL)

1. PURSUANT TO THE ARMS EXPORT CONTROL ACT, THE SECURITY
ASSISTANCE ACCOUNTING CENTER (SAAC) ON FEB 28, 1978
NOTIFIED THE VENEZUELAN MINISTRY OF DEFENSE (MOD) THAT
THE GOV'S INTEREST ON ITS UNPAID FMS DEBT ON THAT DATE
AMOUNTED TO \$21,604.08. THERE ENSUED EXCHANGES OF MESSAGES
(REFS) BETWEEN COMUSMILGPVEN AND SAAC, VENEZUELA'S POSITION
BEING THAT SUCH ASSESSMENTS HAD BEEN MADE UNILATERALLY
AND WERE NOT ACCEPTABLE. DSAA, HOWEVER, ULTIMATELY
INFORMED THE MISSION THAT NOTWITHSTANDING VENEZUELAN VIEWS
US LAW REQUIRES PAYMENT AND THE MISSION SO INFORMED MOD.
IN RESPONSE, IN A LETTER ADDRESSED TO THE AMBASSADOR DATED
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APRIL 17, VENEZUELAN DEFENSE MINISTER PAREDES BELLO HAS STATED
CATEGORICALLY THAT THE GOV IS NOT OBLIGATED TO PAY SUCH CHARGES
AND WILL NOT DO SO. INFORMAL TRANSLATION OF MINISTER'S LETTER
FOLLOWS: QUOTE: I AM PLEASED TO MAKE SPECIAL REFERENCE TO THE
CONTENTS OF OFFICIAL LETTER NO 32 DATED MARCH 28 OF THIS
YEAR, SENT BY THE COLONEL COMMANDING THE MILITARY GROUP TO THE
VICE ADMIRAL, HEAD OF THE JOINT STAFF, WHICH RAISES THE PAYMENT

OF INTEREST ON OVERDUE DEBTS RELATED TO VENEZUELAN FMS
CASES THRU DECEMBER 26, 1977.

ON THIS PARTICULAR POINT, I BELIEVE IT OPPORTUNE TO
POINT OUT THAT, IN ACCORDANCE WITH THE NATIONAL CONSTITU-
TION AND OTHER LAWS OF THE REPUBLIC, IN NO CASE HAVE COMMIT-
MENTS BEEN ACCEPTED IN THE NAME OF VENEZUELA WHICH PROVIDE
FOR THE PAYMENT OF INTERST ON OVERDUE DEBTS, AND IN THE
CONCRETE CASE REFERRED TO IN THE LETTER MENTIONED ABOVE
THE INSTRUMENT WHICH CONSECRATED THE WILL OF THE PARTIES
(VENEZUELAN GOVT - US GOVT), THERE IS NO CLAUSE NOR
COULD THERE BE ONE IMPOSING THIS OBLIGATION.

AS A CONSEQUENCE, BECAUSE OF THE AFORESAID, I AM
OBLIGED TO REJECT THAT BILL. (SIGNED) MINISTER OF
DEFENSE.... END QUOTE

2. THIS ISSUE POSES NOT ONLY LEGAL BUT ALSO POLITICAL
PROBLEMS FOR US. US LEGISLATION REQUIRES DSAA TO ASSESS
INTEREST ON THESE DELINQUENT DEBTS. THE VENEZUELAN POSITION,
BASED PARTLY ON CONSTITUTIONAL GROUNDS AND PARTLY ON THE FACT
THAT CONTRACTS SIGNED PRIOR TO DECEMBER, 1977 CONTAINED
NO SUCH STIPULATION, LEAVES VIRTUALLY NO ROOM FOR FLEXI-
BILITY ON THE GOV'S PART. POLITICALLY, THE VENEZUELAN
BELIEVE THE USG HAS MADE A UNILATERAL AND ADVERSE RULING WITH-
OUT CONSULTING THEM AND THEY REFUSE TO PAY. SHOULD WE CONTINUE
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TO PRESS THEM ON THIS ISSUE, WE WILL QUITE POSSIBLY
ADVERSELY AFFECT VENEZUELAN COOPERATION IN AREAS OTHER THAN
POLITICAL-MILITARY, AREAS INVOLVING ISSUES
OF SUBSTANTIAL INTERST TO THE US. TO MAKE MATTERS WORSE,
NOT ONLY WILL THE GOV REFUSE TO PAY, BUT INTEREST IS
ACCRUING ON THESE CHARGES THUS AGGRAVATING THE PROBLEM.

3. DSAA SUGGESTED THAT, SHOULD THE VENEZUELAN NOT AGREE
WITH THESE CHARGES, THEY APPEAL TO THE STATE DEPT.
QUITE APART FROM THE QUESTION OF WHETHER IT IS EITHER
COHERENT OR EFFECTIVE TO SUGGEST THAT FOREIGN GOVTS
APPEAL DECISIONS OF ONE DEPT OF THE USG TO ANOTHER,
THE GOV HAD DONE AS SUGGESTED BY DSAA. IT HAS APPEALED TO
THE STATE DEPT BY WRITING TO THE AMBASSADOR. IT IS
NOW UP TO THE DEPT.

4. ACTION REQUESTED: THAT THE DEPT CONSULT ASAP
WITH DSAA WITH A VIEW TO RESOLVING THIS IMPASSE. THIS ISSUE
SIMPLY CANNOT BE ALLOWED TO FESTER.
VAKY

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NNN

Message Attributes

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